ANNUAL REPORT
April 1, 1998 to
March 31, 1999

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Our Vision

Our unique properties will be known for enhancing the community and enriching a world class destination.

Inside our doors will be found personal service, professionalism, and technological expertise.

For those who work and gather here, we will encourage innovation, accomplishment and passion.

Our Mandate

To generate economic benefit to the Province of British Columbia

Our Mission

To provide the best event experience in North America

Our Values

Quality and service

Respect, fairness and honest communication

Financial responsibility

Creativity and innovation

Enthusiasm and humour

Integrity

Our Strategic Objectives

To provide a high level of service and value to our customers

To increase economic benefit to the Province of British Columbia

To improve financial performance

To maximize penetration in target markets

To maintain, improve and expand our properties

To create healthy and supportive work environments for organizational and personal success

To be environmentally responsible in conducting our business

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THE BRITISH COLUMBIA PAVILION CORPORATION

B.C. PAVILION CORPORATION

A Provincial Crown Corporation
Ian G. Waddell, *Minister*

OPERATING:
BC Place Stadium

TRADEX (Fraser Valley Trade & Exhibition Centre)

Robson Square Conference Centre

The Bridge Studios

Vancouver Convention & Exhibition Centre

BOARD OF DIRECTORS:

To June 30, 1998
Diana Reid, *Chairman*
Warren Buckley *President & Chief Executive Officer*
Les Atchison
Julia Blockberger
Marie Decaire
Georgena Good
Justis Greene
Christopher Humble
Allan Krasnick
Victor Lee
Catherine Van Alstine
Dolly Watts

From July 1, 1998
Diana Reid, *Chairman*
Warren Buckley *President & Chief Executive Officer*
Joanne Fong
David Gibbons
Justis Greene
Christopher Humble
Allan Krasnick
Judith Lane
Victor Lee
Jim Pearson
Charnjit Randhawa
Rosalie Schmidt
Tim Stevenson
Catherine Van Alstine
Dolly Watts

Effective June 14, 1999
Diana Reid, *Chairman* (E;A)
Warren Buckley *President & Chief Executive Officer* (E)
Joanne Fong (M)
David Gibbons
Justis Greene (E;M)
Franziska Kaltenegger (M)
Judith Lane (M)
Victor Lee
Rolf Osterwalder (A)
Jim Pearson (M)
Charnjit Randhawa
Rosalie Schmidt (M)
Tim Stevenson (E)
Catherine Van Alstine (E;A)
Dolly Watts (M)

COMMITTEES:
E Executive;
A Audit and Finance;
M Marketing

MANAGEMENT COMMITTEE:

Warren Buckley, *President & Chief Executive Officer*

Pat Brand, *Director, Human Resources*

Susan Croome, *General Manager,* THE BRIDGE STUDIOS

Howard Crosley, *General Manager,* BC PLACE STADIUM

John Harding, *Chief Financial Officer*

Ray LeBlond, *Communications Manager*

Barbara Maple, *General Manager,* VANCOUVER CONVENTION & EXHIBITION CENTRE

Janis Ostling, *Chief Operating Officer*

Brenda Sandes, *Director, Marketing*

Tracey Short, *General Manager,* ROBSON SQUARE CONFERENCE CENTRE

Lauren Thomas, *General Manager,* TRADEX

CORPORATE SECRETARY
Nazim Jamal

Suite 600—375 Water Street
Vancouver, B.C.
Canada V6B 5C6
Tel: (604) 482 2200
Fax: (604) 681 9017

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His Honour the Honourable Garde B. Gardom, QC
Lieutenant-Governor of British Columbia

May It Please Your Honour:

I respectfully submit herewith the annual report of the B.C. Pavilion Corporation for the fiscal year ending March 31, 1999.

The Corporation operates the Vancouver Convention & Exhibition Centre, BC Place Stadium, Robson Square Conference Centre, Tradex and The Bridge Studios.

The diversity of these five facilities allows the B.C. Pavilion Corporation to provide very worthwhile and useful resources for the communities in which they operate. Hosting over 1,200 events per year, it is obvious that the public has a huge need for well-run, flexible venues to conduct their social, cultural and business activities. In addition, the Corporation provides significant economic benefits both directly and indirectly to the economy of British Columbia.

Due to careful management that married sound financial controls with continued fulfillment of B.C. Pavilion's mandate to maximize economic benefit, fiscal 1999 saw the Corporation achieve revenues of over $26 million. On behalf of the provincial government, my congratulations to the entire B.C. Pavilion Corporation team for their efforts.

Sincerely,

Ian G. Waddell
Minister of Small Business, Tourism & Culture
Minister Responsible for B.C. Pavilion Corporation

Government of British Columbia

Minister of Small Business, Tourism and Culture

**Parliament Buildings
Victoria, British Columbia
V8V 1X4**

THE BRITISH COLUMBIA PAVILION CORPORATION

Honourable Ian G. Waddell
Minister of Small Business,
Tourism & Culture
Parliament Buildings
Victoria, B.C. V8V 1X4

Dear Minister Waddell:

On behalf of the Board of Directors of the B.C. Pavilion Corporation, it is my pleasure to submit the annual report for the year ending March 31, 1999.

Respecting B.C. Pavilion Corporation's mandate, our five facilities generated a net economic benefit in excess of $460 million for fiscal 1999. Management continues to pursue goals and strategies that emphasize maximizing revenues which has resulted in the reduction of the Shareholders requirement to contribute funding for operations.

Since its origin in 1987, B.C. Pavilion Corporation has operated and marketed its facilities with expertise and steadily developed diversity in a very competitive marketplace. Through our activities at home and around the world, the corporation has gained the respect of both the markets in which we participate, and that of our industry partners vital to our business.

I would like to extend my thanks to all the staff and suppliers for their ongoing contributions to B.C. Pavilion Corporation's success. Their creativity, knowledge and commitment forms the foundation of our success.

Sincerely,

D. R. Reid

Diana R. Reid
Chairman of the Board

THE BRITISH COLUMBIA PAVILION CORPORATION

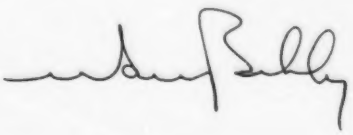
THE CORPORATION

The B.C. Pavilion Corporation has always enjoyed a strong commitment to viewing our business in the big picture. This has helped us define how we measure success, and also how we develop the tools and resources required for us to achieve that success.

In the past few years, there has been a growing need for organizations like the B.C. Pavilion Corporation to concentrate even further on a strategic approach to our activities. Growing competition along with a heightened emphasis on maximization of return on investment has led us to evaluate what truly are our best practices to achieve our mandate.

I am pleased to say that this process has led us to some very positive conclusions. First, the combination of facilities operated by the B.C. Pavilion Corporation is genuinely beneficial to the community, which is demonstrated by our comprehensive event activity. Second, our Corporation's belief that success starts by hiring the right people has proven to be absolutely true. This expertise and commitment to excellence makes up an important part of our competitive advantage.

As the B.C. Pavilion Corporation looks to the future, I am pleased that our past has left us well prepared for the challenges and opportunities that lay ahead.



Warren Buckley
President &
Chief Executive Officer

The Corporation

The B.C. Pavilion Corporation operates five successful public facilities within the lower mainland and the Fraser Valley of British Columbia. It provides space for conventions, trade and consumer shows, film production, sporting events and a variety of other special events. Since the Corporation's inception in 1987, the economy of the lower mainland has changed significantly, resulting in an increase in tourism, hospitality and entertainment venues in downtown Vancouver. These new facilities have increased competition to the Corporation for both consumer and sponsor discretionary spending dollars.

Overall, the increase in the city's infrastructure has complemented the Corporation's facilities, though due to high demand there is still a shortage of quality convention space and film production facilities. Studies are underway to determine the most appropriate location for the expansion of the Vancouver Convention & Exhibition Centre, and management is seeking ways to further expand the Effects Studio space at the Bridge Studios.

As one of the economic engines that fueled the development of downtown Vancouver, BC Place Stadium has seen a radical change in its business base over the past few years. Trade and consumer shows have replaced sports as the primary event type at the Stadium, and management continues to seek new business to maximize the facility's event schedule.

Management will also seek a new location for the Robson Square Conference Centre business activities, as the operating agreement for this facility will expire in December 2000.

Strategic Planning At B.C. Pavilion Corporation

Since fiscal 1996, when management embarked on a new strategic planning process, employees from all levels have participated in the individual facility plans. Strategic objectives for the five facilities flow into an overall corporate plan and base-year benchmarks for future comparisons are gathered. The methodology for evaluating performance measures has been set, so results will be consistent from year to year.

There are seven strategic objectives for the Corporation:

M121

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USERS SHOULD CONSULT ALL THE PAGES REPRODUCED ON THE FICHE IN ORDER TO OBTAIN A COMPLETE READING OF THE TEXT.

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To provide a high level of service and value to our customers

The B.C. Pavilion Corporation is a customer-driven organization. If we do not provide excellent service at all levels, we risk losing new and repeat clients to other facilities. We monitor customer satisfaction through two measures:

Measure repeat clients to the facilities.
It is more cost efficient to service a repeat client than to sell space to a new client. Due to the diverse nature of our facilities, the percentage of repeat clients varies.

Repeat clients to the facilities were as follows:

Repeat clients	Fiscal 1999	Fiscal 1998
Vancouver Convention & Exhibition Centre	36%	39%
BC Place Stadium	62%	82%
Tradex	53%	68%
Robson Square Conference Centre	62%	65%

The percentage is lowest at Vancouver Convention & Exhibition Centre, where major conventions regularly move locations at the choice of the event organizers and memberships, and highest at BC Place Stadium, where many events return on an annual basis. For fiscal 1999, the most significant decline was at BC Place Stadium, where some long standing shows were not held during the year, and some new shows started up.

Score on customer satisfaction surveys.
In order to continuously improve customer service, we require feedback from event organizers. Surveys are sent to clients after their event and the results monitored. For fiscal 1999, the satisfaction rating range was from 86% at Vancouver Convention & Exhibition Centre to 76% at BC Place Stadium.

To increase economic benefit to the Province of British Columbia

Our mandate is to generate net economic benefit for the people of British Columbia. Using the services of an independent consultant, we measure net economic benefit generated by the Corporation based on the Tourism Economic Assessment Model developed by the Canadian Tourism Research Institute.

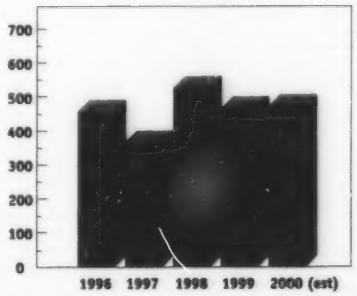
Net economic benefit generated.
For fiscal 1999, the Corporation generated over $463 million in benefit to the community from its activities. This amount is based on estimated expenditures by visitors to our facilities, subsequent spending in the province following the event activity, and the ripple effect through the economy of such spending. In addition to the economic benefit generated, it is estimated that for fiscal 1999, over 10,492 full-year jobs were supported and $154 million in taxes raised.

To improve financial performance

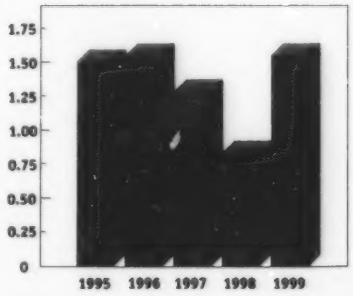
As with most corporations, one of B.C. Pavilion Corporation's strategic objectives is to improve its financial performance. This is monitored as follows:

Comparing the annual subsidy required for operations.
The B.C. Pavilion Corporation receives an annual subsidy from its shareholder, the Ministry of Small Business, Tourism and Culture. The subsidy comprises funding for both capital and operational needs. The contribution for operations dropped to an historic low in fiscal 1998, but due to weakening markets, increased in fiscal 1999 back to the levels required in fiscals 1995 and 1996. In addition to being a slow year for citywide conventions, fiscal 1999 saw a decline in special event activity, and no concerts occurring.

Comparison of Net Economic Benefits Generated
(in $ millions)



Contribution for Operations from the Province of British Columbia
(in $ millions)



To maximize penetration in target markets

In addition to the objective of improving financial performance, B.C. Pavilion Corporation also has the mandate of increasing economic benefits to the community. These goals are not always compatible, as some events bring enormous economic benefits to the community, while providing little profitability to the Corporation. In order to measure the effectiveness of the Corporation's marketing efforts, the following measures are calculated:

Measure facility utilization.
BC Place Stadium and Tradex have specific show seasons and are fully booked for a large portion of the year. However, as with many other public facilities, their summer periods are quiet and further infill business is required to increase occupancy. The year-to-year occupancy levels fluctuate at these facilities as many trade shows are held on a bi-annual basis. For fiscal 1999, BC Place Stadium had an overall occupancy rate of 36% (1998 - 54%) and Tradex 45% (1998 - 59%). The decrease at BC Place Stadium was due to the loss and rescheduling of some events, and at Tradex due to the change in type and duration of events held.

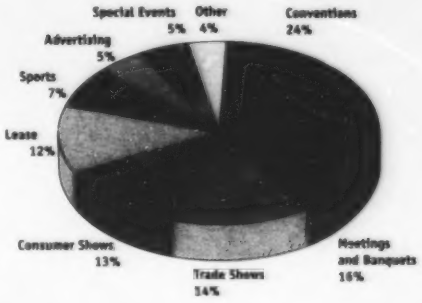
The Vancouver Convention & Exhibition Centre and Robson Square Conference Centre have a more balanced event schedule, although July and August are quieter months. For fiscal 1999, occupancy for the convention level at the Vancouver Convention & Exhibition Centre was 71% (1998 - 73%) and at Robson Square Conference Centre the rate was 61% (1998 - 60%). At the Vancouver Convention & Exhibition Centre, the rate was reduced due to fewer citywide conventions being held, and at Robson Square Conference Centre, the rate remained steady.

The Bridge Studios leases TV studio space on long-term contracts and the Effects Stage for movie production on 3 to 9 month rentals. Occupancy at the facility for fiscal 1999 at 95% was the same as for fiscal 1998.

Measure number of events by type.
The B.C. Pavilion Corporation strives to increase the number of events at its facilities each year. However, as the greatest economic benefit is generated through convention activity, other event types may be displaced in order to maximize benefit from conventions. The number of events by type for fiscal 1999 were as follows:

Number of Events	Fiscal 1999	Fiscal 1998
Meetings	679	673
Banquets	207	226
Special Events	132	147
Conventions	54	56
Trade Shows	54	37
Consumer Shows	33	35
Sports	22	16
Entertainment	0	2

Revenue Distribution by Type
Fiscal 1999



Track attendance by facility.
As a measure of the Corporation's success, facility attendance is monitored. The higher the event attendance, the more attractive the venues become to corporate sponsors. For fiscal 1999, attendance was as follows:

Attendance	Fiscal 1999	Fiscal 1998
VCEC	750,599	728,022
BC Place Stadium	694,462	800,676
Tradex	228,446	158,400
Robson Square	134,860	148,775

To maintain, improve and expand our properties

The B.C. Pavilion Corporation is responsible for operating, maintaining and upgrading over $200 million in capital assets. The Corporation is not allowed to create reserves to provide for replacement of major assets, so the shareholder needs to be informed of their remaining useful lives.

An important factor in persuading potential clients to book events at the Corporation's facilities is their physical appearance and the range of services provided. The measures required to monitor physical assets are as follows:

To provide a high level of service and value to our customers

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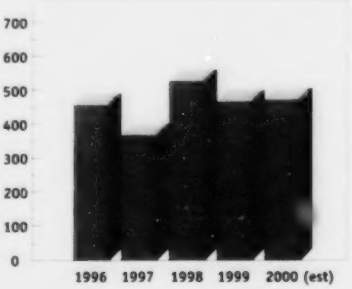

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Contribution for Operations from the Province of British Columbia
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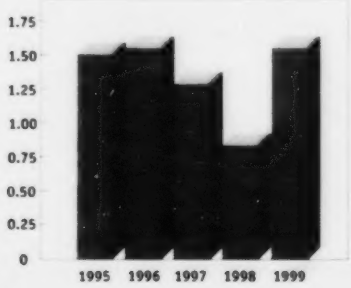

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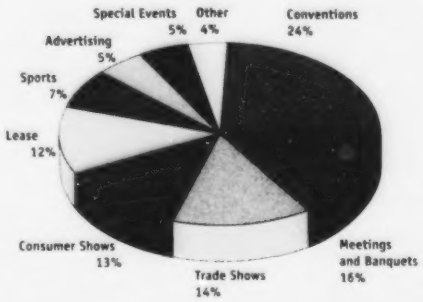

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An important factor in persuading potential clients to book events at the Corporation's facilities is their physical appearance and the range of services provided. The measures required to monitor physical assets are as follows:

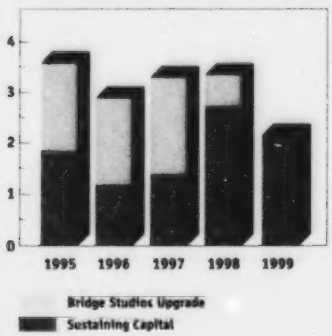
Measure estimated lives remaining of major assets.

The major assets that will require extraordinary funding to provide for replacement include the roofs at BC Place Stadium and Vancouver Convention & Exhibition Centre, and the internal videoboards and artificial turf at BC Place Stadium. At March 31, 1999, the remaining lives for these assets were estimated at between 5 and 15 years.

Measure rate of replacement of assets.

For fiscal 1999, the actual rate of replacement of assets at the facilities was 1.0%, which compared to 1.3% in fiscal 1998. With funding levels reduced, and higher operating deficits in fiscal 1999 than in fiscal 1998, there was less available for capital investment purposes.

Contribution for Capital from the Province of British Columbia
(in $ millions)



Measure return on investment for major assets.

Before any investment in a major asset addition is made, a feasibility study and calculation of anticipated financial return on funds is prepared. In the last quarter of fiscal 1999, the Corporation retrofitted the exterior starboards at BC Place Stadium. No return on this investment was recorded for the year. In fiscal 1997, the Corporation made one major capital investment and expanded Bridge Studios space. For both fiscal 1998 and 1999, the return on this capital investment was 15%.

To create healthy and supportive work environments for organizational and personal success

The Corporation is committed to providing a workplace that is progressive in its policies and also gives employees the opportunity to positively advance their careers. The following measures are being monitored in order to ensure that improvement is continuous:

- *Measure employee diversity*
- *Measure pay comparison from outside the Corporation*
- *Measure employee turnover*
- *Measure employee satisfaction*
- *Measure number of training hours*
- *Measure absenteeism*

To be environmentally responsible in conducting our business

As a publicly owned organization, the B.C. Pavilion Corporation is vigilant in its efforts to conserve energy, recycle waste and minimize the impact on the environment from its activities. The following measures have been implemented in order to track environmental responsibility:

Measure garbage volume recycled.

The B.C. Pavilion Corporation has contracted with disposal companies for the recycling of paper products. The percentage of total garbage recycled decreased from 15.3% in fiscal 1998 to 12.5% in fiscal 1999[1]. During fiscal 1999, wine and liquor bottles which had previously been recycled, became refundable, and consequently the recycled percentage decreased.

Measure energy consumption.

The Corporation is vigilant in controlling its energy usage. As the facilities are large, consumption levels can change dramatically depending on occupancy levels and changes in weather. During fiscal 1999, the facilities consumed 145,676kJ of energy, compared to 165,885kJ in fiscal 1998[2].

Test soils for leachates.

Whenever construction work is being carried out, or management has concerns that soils are contaminated, soils are tested and remedial work carried out. The Bridge Studios' lands, which were previously used for industrial purposes, lie adjacent to a fish-bearing creek. The groundwater under the facility is regularly monitored for contaminants. No movement of leachates was recorded during fiscal 1999.

1 Robson Square Conference Centre statistics are not included as services are provided by the landlord. Bridge Studios is not included as tenants arrange for their own services.

2 Robson Square Conference Centre statistics are not included as services are provided by the landlord.

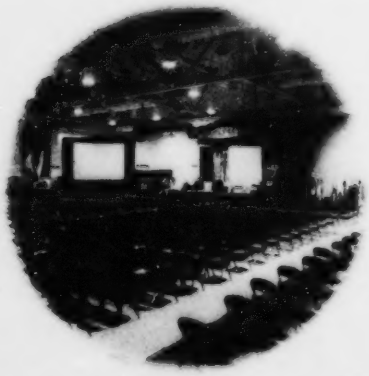
Vancouver
Convention &
Exhibition Centre

EVENT HIGHLIGHTS FISCAL 1999:

- American Academy of Cosmetic Dentistry
- International Bar Association
- OOPSLA (Object Oriented Programming, Systems, Languages & Applications)
- Comdex

After 12 years of successful operation, the Vancouver Convention & Exhibition Centre launched an entirely new visual identity program that included a change of name and logo. The catalyst for this change was the launch of the expansion marketing program in international markets which was deemed necessary due to the long term decision making process for this market. The VCEC, with 110,000 square feet of convention and exhibition space and 20 meeting rooms continues to receive accolades for its waterfront location, unique architecture and stunning views. This has translated into a facility operating at capacity and continues to point to the need for expanded facilities.

The reputation of Vancouver as a cosmopolitan, yet safe and green city contributes to the worldwide interest in bringing conventions and exhibitions to the VCEC.



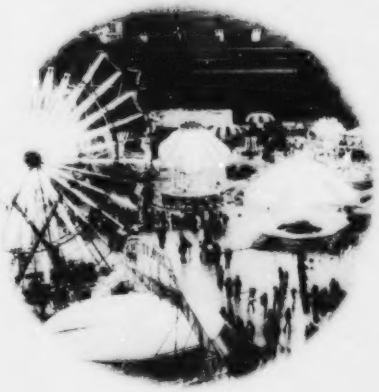
The growing market share has tapped the capacity not only of the facilities that the VCEC has to offer, but has also encouraged new hotel properties to be developed in Vancouver. The city now offers over 10,000 high quality hotel rooms with more planned for the future.

The newly established Commitment to Excellence program has worked to achieve higher levels of customer service. The program is embraced by each of the facility's supplier partners and forms the foundation of the VCEC's trademark of service excellence. Continued success is reflected in more than $235 million in economic benefit generated to the Province in fiscal 1999. The facility welcomed 530,000 delegates who attended over 380 events and generated $13 million in revenue.

B.C. PLACE
STADIUM

EVENT HIGHLIGHTS FISCAL 1999:

- Auto Show
- Spring Home & Garden Show
- B.C. Lions Football
- American Bowl Football
- Boat Show



BC Place provides seating for 60,000 people and 240,000 square feet of exhibit space. Additional amenities include 35 luxury suites, party rooms and banquet facilities. The Dome is home to the province's largest trade and consumer shows, concerts, motor spectacular events, professional and amateur sports including the CFL's B.C. Lions, community events and banquets.

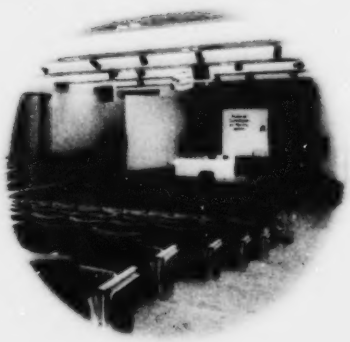
In fiscal 1999, the Stadium hosted 64 events over 184 event days, generating $7.1 million in revenues.

Located just off the shores of rapidly developing False Creek, BC Place Stadium lies within Vancouver's designated Entertainment District. This familiar landmark holds the distinction of being the largest air-supported domed stadium in the world. It is also British Columbia's largest public building.

ROBSON SQUARE
CONFERENCE CENTRE

EVENT HIGHLIGHTS FISCAL 1999:

- International Friendship Foundation
- Japanfest
- 11th Annual B.C. Conference on AIDS
- Party 1999 New Years Eve Gala
- ASI Exchange 1999
- Canadian Electricity Association



Robson Square Conference Centre is the meeting industry's full-service partner for its downtown needs.

Physically the smallest of the Corporation's facilities, the Robson Square Conference Centre continues to be the Corporation's busiest. With 703 events in fiscal 1999, the facility hosted more events than all other facilities combined. Its popularity as a meeting facility and its high level of repeat client business can be attributed to two factors, the product and the people.

Easily accessible and centrally located blocks from major hotels, shopping, restaurants, entertainment, transportation hubs and Vancouver's business district, Robson Square Conference Centre enjoys the advantage of being conveniently situated close to present and prospective clients. The facility's 50,000 square feet of flexible meeting space offers a 10,150 square foot ballroom, two theatres, eight conference rooms, ample foyer space and a large outdoor plaza allowing space for a wide variety of events. The diversity of space in the facility coupled with the spectrum of service offerings allows the ten full-time staff and four part-time staff to deliver a complete meeting experience.

Robson Square Conference Centre continues to anticipate client needs and strives to provide value-added services. Technology infrastructure upgrades occur on a continuous basis as the clients' meeting needs become more high-tech and sophisticated. Food and beverage menus are reviewed and enhanced regularly to keep up with client tastes and changing trends. Audio/visual additions keep pace with client presentation techniques and multimedia demand. Add a high level of customer service and Robson Square Conference Centre is known as one of the Pacific Northwest's most comprehensive and technologically advanced facilities.

Robson Square Conference Centre generated $2.1 million in gross revenues in fiscal 1999.

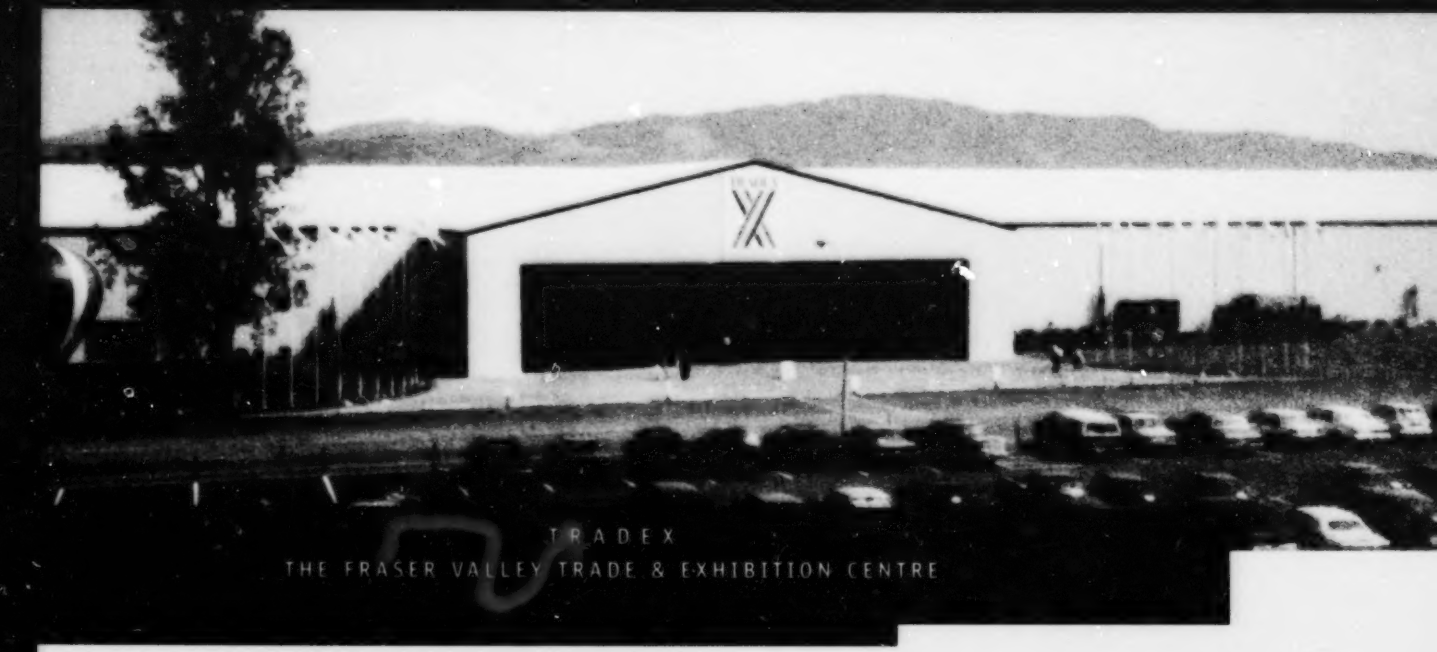
PRODUCTION HIGHLIGHTS FISCAL 1999:

- TV Series:
  Outer Limits
  Poltergeist, The Legacy
  Stargate SG-1
- Feature Films:
  Dudley Do-Right
  Reindeer Games
  Mission to Mars

The Bridge Studios' 190,000 sq. ft. of stages, production offices, ancillary and support facilities, including North America's largest special effects stage, contributes over $250 million in annual economic spin-offs to the community.

A staff of five full-time employees provides a high level of service to US-based major motion picture and television producers within a "four wall" environment. This allows the client the ease of independent operation, unlike that seen in Los Angeles. The Bridge Studios consistently receives high marks internationally from film professionals at all levels. In an industry reliant on word-of-mouth recommendations, the good reputation of the Bridge Studios is evidenced by the number of bookings by repeat clients and associates of clients.

With gross revenues of just over $3.2 million, fiscal 1999 marked yet another record year for the Bridge Studios.



TRADEX
THE FRASER VALLEY TRADE & EXHIBITION CENTRE

The communities of the Fraser Valley are among the fastest growing in all of North America. Tradex, located in the heart of the valley at the Abbotsford Airport, serves this dynamic market with 120,000-sq. ft. of exhibition space in two adjoining halls in one building.

Open since 1991, the facility is the host of many successful trade and consumer shows, sporting and special events and banquets.

Six full-time staff manage and market the facility to a consumer base of over one million people within a 60 kilometre radius. Tradex also employs 75 part-time casual staff in the food & beverage department.

During fiscal 1999, the facility hosted 228,000 attendees at 47 events and generated gross revenues of over $1.6 million.

TRADEX

EVENT HIGHLIGHTS FISCAL 1999:

- Fraser Valley Boat & Sportsmen's Show
- Lower Mainland Dog Fanciers Show
- Fraser Valley Home & Garden Show
- Early Bird RV Show & Sale
- Truxpo 99
- Vancouver Industrial Exhibition
- Wood Tech 99
- UAP/NAPA Trade Show
- Vancouver Motorcycle Show

THE YEAR IN REVIEW

Fiscal 1999 continued the Corporation's success story with the generation of over $460 million in net economic benefits to the Province of British Columbia. Most of these benefits originated from the business activities at the Vancouver Convention & Exhibition Centre, and the Bridge Studios. With several major events secured at the convention centre, and a strong market for the film and TV industry, continued success in these areas is anticipated.

Financially, the operating results for the Corporation were weaker than expected. The most positive financial results came from the Bridge Studios, which exceeded all expectations by achieving almost full occupancy. New events at Tradex saw operating profits at that facility also rise. The Corporation's weak spots in fiscal 1999 came from a downturn in citywide conventions, and less spending by clients on services during the final months, particularly at the Vancouver Convention & Exhibition Centre.

Attendance at consumer shows saw a decline, reflecting the overall state of the local economy. The rescheduling of the Vancouver International Auto Show from January to an April time slot had the effect of taking BC Place's largest annual event out of the event calendar for fiscal 1999, with the obvious result being lower financial returns for the facility.

With a diverse business base, and the ability to attract clients from all over the world, the Asian financial problems did not seriously affect business at the Vancouver Convention & Exhibition Centre, although it did result in some lost business to the local tourism market.

Funding from our shareholder declined by 40% to $2.194 million for fiscal 1999, continuing a trend to reduce financial support for the corporation. While the Corporation is committed to achieving self-sufficiency for operations, access to reasonable funding is required specifically for long-term maintenance and upkeep of capital assets. In order to attract visitors from the international markets it is imperative to keep standards equivalent to the other first-class facilities with which we compete, especially in the convention market.

Revenues of $26.206 million showed an 11% decline from those reported in fiscal 1998. As stated earlier, this was due to the loss of some high profile shows from the event calendar and a decline in attendance and client spending at some events. The largest contribution to revenues for the year came from conventions at 24%. Along with the Bridge Studios' revenues which accounted for 12% of revenues, these two areas generated the lion's share of the Corporation's economic benefits. Other major revenue generators were trade shows at 14%, and consumer shows at 13% of the total.

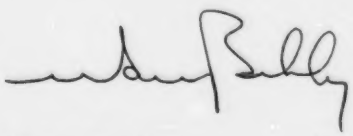
MANAGEMENT REPORT

The financial statements of the B.C. Pavilion Corporation have been prepared by and are the responsibility of management. They have been prepared in accordance with generally accepted accounting principles that are considered appropriate for the Corporation. As the valuation of some of the assets and liabilities is dependent on future transactions, some of the amounts are based on management's best judgments and estimates.

Management maintains a system of internal controls and relies on these to provide reasonable assurance that the assets of the Corporation are being safeguarded, and that the financial transactions and statements of the Corporation are being recorded correctly. A Peoples Policy applicable to all employees deals with staff conduct.

The Audit and Finance Committee of the Board of Directors, who are not employees of the Corporation, meets regularly with management and the external auditors to discuss accounting controls and other financial matters.

Management is responsible for all of the information presented in this annual report. The information in the report is consistent with that shown in the financial statements.



Warren Buckley
President & Chief Executive Officer

John Harding
Chief Financial Officer

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President & Chief Executive Officer:
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To the Shareholder of B.C. Pavilion Corporation:

We have audited the balance sheet of B.C. Pavilion Corporation as at March 31, 1999 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1999 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles. As required by the Company Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Grant Thornton

Chartered Accountants

Vancouver, Canada
April 30, 1999

BALANCE SHEET

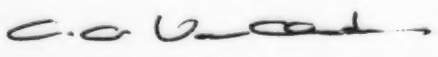
As at March 31 (Expressed in thousands of dollars)		1999		1998 (Restated) (Note 2)
Assets				
Current				
Cash	$	3,818	$	4,624
Performance bond (Note 4)		16		50
Receivables		2,032		2,789
Prepaid and deferred expenses		387		417
		6,253		7,880
Capital assets (Note 5)		150,621		153,258
	$	156,874	$	161,138
Liabilities				
Current				
Payables	$	3,499	$	4,394
Deferred revenue		3,273		2,865
		6,772		7,259
Deferred government contributions (Note 6)		118,970		122,747
		125,742		130,006
Shareholder's Equity				
Capital stock (Note 7)		1		1
Contributed surplus		31,131		31,131
		31,132		31,132
	$	156,874	$	161,138

Commitments (Note 10)

See accompanying notes to the financial statements.

On behalf of the Board

Diana Reid, Chairman of the Board



Catherine Van Alstine, Chair of the Audit Committee

STATEMENT OF OPERATIONS

Year ended March 31 (Expressed in thousands of dollars)		1999		1998 (Restated) (Note 2)
Revenues from operations	$	26,206	$	29,365
Direct costs		11,480		13,631
		14,726		15,734
Facility expenses				
Staffing		7,633		6,975
Operating		4,661		5,812
General and administration		1,948		1,894
Business development		1,302		1,217
Fees		443		443
Depreciation		4,710		4,356
		20,697		20,697
Loss before recoveries		(5,971)		(4,963)
Recoveries (Note 6)				
Deferred government contributions applied to offset depreciation charged on capital assets contributed by the Province of British Columbia		4,388		4,101
Contributions from the Province of British Columbia to offset operating deficiency		1,583		862
		5,971		4,963
Net earnings	$	-	$	-

See accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS

Year ended March 31 (Expressed in thousands of dollars)	1999	1998 (Restated) (Note 2)
Cash derived from (applied to)		
Operating		
Loss before recoveries	$ (5,971)	$ (4,963)
Depreciation	4,710	4,356
Deferred revenue	408	442
Gain on sale of capital assets	(58)	(33)
Change in non-cash operating working capital (Note 9)	(74)	431
	(985)	233
Financing		
Contributions from the Province of British Columbia	2,194	3,640
Investing		
Capital asset additions	(2,074)	(2,816)
Proceeds on disposition of capital assets	59	33
	(2,015)	(2,783)
Net (decrease) increase in cash	(806)	1,090
Cash		
Beginning of year	4,624	3,534
End of year	$ 3,818	$ 4,624

See accompanying notes to the financial statements.

March 31 (in thousands of dollars)

1. General

B.C. Pavilion Corporation was incorporated by the Province of British Columbia on May 3, 1984 under the Company Act of British Columbia. The mandate of the Corporation is to generate net economic benefit for the people of British Columbia through the management of certain public facilities in the province.

The Corporation owns and operates BC Place Stadium, Bridge Studios and Tradex, and operates the Vancouver Convention and Exhibition Centre and Robson Square Conference Centre under separate agreements.

2. Change in accounting policy for government contributions

The Corporation has adopted the recommendations of the Canadian Institute of Chartered Accountants and presents contributions received from the Provincial Government for acquisition of depreciable capital assets as deferred government contributions rather than as contributed surplus as previously reported. Deferred government contributions are amortized to income on the same basis as the related depreciation expense.

Contributions received for acquisition of non-depreciable capital assets will continue to be recorded as contributed surplus.

This change has been applied retroactively and comparative figures have been restated to conform to these new recommendations. The retroactive application of this new accounting policy results in the following changes:

	Increase (Decrease)	
	1999	1998
Deferred government contributions	**$ 118,970**	$ 121,367
Contributed surplus	**(118,970)**	(121,367)

3. Summary of significant accounting policies

These financial statements are prepared in accordance with generally accepted accounting principles.

Use of estimates

In conformity with generally accepted accounting principles management is required to make estimates and assumptions that could affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those reported. The principal areas requiring the use of management estimates is in the determination of annual depreciation expense and the net recoverable amount of capital assets.

Capital assets

Capital assets funded through contributions by the Province of British Columbia, either to the Corporation or to predecessor Crown corporations, are recorded at cost less accumulated depreciation.

Capital assets funded by the Government of Canada are recorded at cost, net of the related contributions and less accumulated depreciation.

Capital assets contributed by other parties in exchange for services are recorded at the fair market value of the assets less accumulated depreciation. The related contribution is recorded as deferred revenue and amortized to operations over the services contract term.

Assets are depreciated over their estimated useful lives to the Corporation:

Building and improvements	10 to 50 years: buildings are depreciated on the sinking fund method; improvements on the straight line method
Furniture	5 years, straight line
Computers	3 years, straight line
Leasehold improvements	over the shorter of the estimated useful life of the improvement and the term of the lease
Motor vehicles	30% per annum, declining balance
Other capital assets	1 to 10 years, straight line

Government contributions

Funding received from the Province of British Columbia is deferred until utilized:

- Funding used for operations is recognized as a recovery in the statement of operations to the extent costs have been incurred.
- Funding used for the acquisition of depreciable capital assets is reflected as a recovery in the statement of operations in an amount equal to that required to offset depreciation charged on related depreciable capital assets.
- Funding received from the Province for acquisition of non-depreciable capital assets, such as land, is allocated to contributed surplus when the related assets are acquired.

Operating revenues and expenses

Operating revenues and expenses are recorded on the accrual method.

Contra-transactions

Deferred revenue resulting from contra-transactions, such as the exchange of goods or services for advertising, is amortized over the term of the related agreement.

Superannuation fund

Eligible employees of the Corporation participate in the British Columbia Public Service Employees' Superannuation program. For fiscal 1999, the Corporation also contributed an amount equivalent to 109% of the employees contributory earnings.

Financial instruments

The Corporation has various financial instruments including cash, performance bond and receivables and payables. The carrying values of these financial instruments approximates their fair value due to their short term nature.

4. Performance bond

Under the terms of the Bridge Studios construction permit, the Corporation was required to post a construction performance bond. The amount is refundable to the Corporation subsequent to the satisfactory completion of the project.

March 31, 1999 (in thousands of dollars)

5. Capital assets

	Cost	Accumulated Depreciation	1999 Net Book Value	1998 Net Book Value
Facilities				
BC Place Stadium	$ 175,625	$ 39,956	**$ 135,669**	$ 137,213
Bridge Studios	14,450	4,184	**10,266**	10,911
Tradex	4,984	2,057	**2,927**	3,154
Vancouver Convention and Exhibition Centre	3,339	1,975	**1,364**	1,309
Other	3,137	2,742	**395**	671
	$ 201,535	$ 50,914	**$ 150,621**	$ 153,258

6. Deferred government contributions

	Capital Asset Contributions	Operating Contributions	1999 Total	1998 Total
Balance, beginning of year	**$ 121,367**	**$ 1,380**	**$ 122,747**	$ 124,070
Contributions from the Province of British Columbia	**1,991**	**203**	**2,194**	3,640
	123,358	**1,583**	**124,941**	127,710
Allocated to operations:				
To fund current operating deficiency	**-**	**(1,583)**	**(1,583)**	(862)
To offset depreciation charged on related capital assets	**(4,388)**	**-**	**(4,388)**	(4,101)
	(4,388)	**(1,583)**	**(5,971)**	(4,963)
Balance, end of year	**$ 118,970**	**$ -**	**$ 118,970**	$ 122,747

7. Capital stock

	1999	1998
Authorized: 10,000 common shares without par value		
Issued: 1 share, held by Her Majesty the Queen in right of the Province of British Columbia	**$ 1**	$ 1

8. Environmental costs

The Corporation and predecessor property owners remain liable for environmental and reclamation obligations for known hazards that exist at Bridge Studios or may exist at other facilities. These hazards are being actively monitored and mitigated by the Corporation's management. Management is not aware of any existing environmental problems related to its facilities that may result in material liability to the Corporation.

9. Change in non-cash operating working capital

	1999	1998
Performance bond	**$ 34**	$ 220
Receivables	**757**	(441)
Prepaid and deferred expenses	**30**	(66)
Payables	**(895)**	718
	$ (74)	$ 431

10. Commitments

The Corporation has obligations under long term, non-cancellable operating leases. The future minimum payments for each of the next two years are as follows:

2000	$ 105
2001	79
	$ 184

11. Related party transactions

In the normal course of operations, the Corporation acquires from and sells goods and services to the Province of British Columbia and certain Crown corporations, predominantly under prevailing trade terms.

The Corporation pays 60% of the net income of Robson Square Conference Centre to B.C. Buildings Corporation as rental for this facility.

12. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations.

The Corporation has developed and is implementing a plan designed to identify and address the expected effects of the Year 2000 Issue on the Corporation. As at March 31, 1999, identification and assessment of the year 2000 readiness of third parties, such as customers, suppliers and others, is ongoing. The Corporation is carrying out ongoing activities to modify, retire or replace computer systems identified to date which are not year 2000 ready. However, it is not possible to be certain that all aspects of the Year 2000 Issue affecting the Corporation, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

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